

Employers' Exclusive

Washington State Department of Retirement Systems

Not a Notice, Not an Update, Just the Facts!

Why Are We Here?

As a service to our employers, the Employer Support Section (ESS) is publishing the *Employers' Exclusive*. We are selecting issues, audit findings, transmittal questions and other recurring questions to clarify for you. The newsletter will **not** replace the *DRS Employer Handbook*, *Updates* or *DRS Notices*.

The *DRS Employer Handbook* is a resource manual which includes long-term information. The *Update*, the process for keeping the handbook current, becomes a permanent part of the *DRS Employer Handbook*, containing such items as rate changes and other issues which have long-term effects. The *DRS Notice*, in turn, provides information currently of interest, which should be kept as reference material. All three publications work together to educate and inform the employers of how a particular retirement system operates.

The *Employers' Exclusive* will provide a brief "heads-up" of information employers may expect to see soon. It will provide a review of information we have sent out in the past, references to major audit findings, and reiteration of certain points that resurface frequently. We will include information about subjects that need revisiting, such as address changes, policies surrounding information accepted via FAX, recurring audit findings, and other items of that nature.



Where Will This Mail Go?

Two mailings were recently sent directly to members of Teachers' Retirement System Plans 2 and 3. DRS is experiencing a large amount of mail being returned to us for incorrect addresses.

If you are reporting in the multiple record format, please be sure the DRS records reflect the current address for all members. Members' addresses can be updated via the Member Earnings Transmittal Report, for multiple record format users only; i.e., State Agencies, School Districts and Higher Education.

PERS Only!

PERS Eligibility and Higher Education

Recently we determined that some employers have been combining hours with other PERS-covered employers for PERS eligibility purposes.

Each employer determines eligibility by work performed only for themselves.

DRS urges employers to use Appendix B, "PERS Eligibility Worksheet", which is in the *DRS Employer Handbook* in the Reference Materials section.

As always, employers may call DRS at (360) 709-4700 with eligibility questions.

Rejected Again?

Perhaps you are wondering why you received this message:

"Member Profile information cannot be accepted because this member is retired and/or has applied for retirement or is deceased."

You know the person is not retired or deceased and is still working for you. If the person is close to retirement, he or she may have submitted an application for retirement to DRS. Once an application is entered into DRS' computer system, DRS assumes that this is the latest information for the member and will no longer accept member profile information through the transmittal. You may want to contact the person to verify the information and then determine if some profile information needs to be changed. If so, the person should contact DRS at (360) 709-4700 directly to change the information.



Audit Trails

The Employer Audit Unit will be including one or more of the most common audit findings obtained from recent audits in each issue. We hope this will help employers by familiarizing them with DRS rules and regulations. We also hope to help you identify possible problem areas, and clarify the who, what, where, when, how and why for employers who have been living with these burning questions about retirement reporting, but were hesitant to ask.

Failure to Obtain Written Statements

Probably the most frequent finding is the failure of employers to obtain a written statement from all new employees regarding their retirement status. During the 1997 legislative session, RCW 41.50.130(3)(a) was eliminated and RCW 41.50.130(16) created. Subsection (1) of RCW 41.50.130(16) reads as follows: "Retirement system employers shall elicit on a written form from all new employees as to their having been retired from a retirement system listed in RCW 41.50.030. Employers must report any retirees in their employment to the Department. If a retiree works in excess of applicable post retirement employment restrictions and the employer failed to report the employment of the retiree, that employer is liable for the loss to the trust fund."

Failure to obtain this information could result in a retiree exceeding post retirement employment and the overpayment of benefits. Previously an employer was liable for benefit overpayments up to a maximum of \$5000 per year, per retiree. Effective with current changes an employer's

liability will be for the total overpayment, and interest.

Employers need to comply with this regulation by requiring that all new employees, regardless of eligibility, provide a written statement regarding their retirement status.

To help employers with this requirement, DRS has provided an eligibility worksheet which can be found in the *DRS Employer Handbook*, Appendix B, titled "PERS Eligibility Worksheet for Employer's Records." RCW 41.50.150 pertains to all systems and plans. DRS will be updating the eligibility worksheet in the near future.

(DRS informed employers of recent legislative changes in separate DRS Notices.)

Reporting of Non-Money Maintenance

A second, but not so frequent finding, pertains to the reporting of non money maintenance as compensation. If, for example, the employer provides a company vehicle to an employee for business use

purposes, and the employee is allowed to use the vehicle to commute to and from work, the value of the benefit may be reportable to DRS. DRS presumes that any employer-provided vehicle is used solely concerning the employer's business and does not qualify as reportable compensation. However, a portion of employee use of that vehicle **may** qualify as reportable compensation if the employer reports the employee's personal use of the vehicle to the Internal Revenue Service (IRS) as income, or maintains monthly records reflecting that personal use.



Non money maintenance, if reportable as compensation earnable, applies to PERS and TRS Plan 1 members only. WAC 415-112-412 through 413 (TRS) and WAC 415-108-470 through 480 (PERS) defines non money maintenance and the criteria which must be met before the value of that personal use may be reported to DRS. These WACs were revised in 1996 into a more user-friendly format we hope will help you in determining whether you should report non money maintenance. Please call DRS at (360) 709-4700 if you need further clarification regarding reporting of non-money maintenance.

In Brief

- **Reminder** - we do NOT accept any faxed transmittal reports with compensation and contributions. We DO accept faxed transmittal corrections with S code and End Date if requested by DRS staff.
- If you have a moment when you are speaking with an Employer Support Services (ESS) consultant, please give him/ her your E-mail Internet address.
- *Employers' Exclusive* will appear on the DRS Website for your convenience.

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Resources for you to use:

DRS Website:

<http://www.wa.gov/DRS/drs.html>

Employer Support Services:

(360) 753-8696

We welcome any comments about our newsletter. Did you find it helpful, useful, informative? Or none of the above? Thank you!